



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB1146

by Rep. Charles E. Jefferson

#### SYNOPSIS AS INTRODUCED:

805 ILCS 105/108.70

from Ch. 32, par. 108.70

Amends the General Not For Profit Corporation Act of 1986. Limits the liability of a volunteer board member serving without compensation, other than reimbursement for actual expenses, for damages resulting from any action of the executive director concerning the false reporting of or intentional tampering with financial records of the organization, where the actions of the executive director result in legal action.

LRB095 08441 LCT 28617 b

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The General Not For Profit Corporation Act of  
5 1986 is amended by changing Section 108.70 as follows:

6 (805 ILCS 105/108.70) (from Ch. 32, par. 108.70)

7 Sec. 108.70. Limited Liability of directors, officers,  
8 board members, and persons who serve without compensation.

9 (a) No director or officer serving without compensation,  
10 other than reimbursement for actual expenses, of a corporation  
11 organized under this Act or any predecessor Act and exempt, or  
12 qualified for exemption, from taxation pursuant to Section  
13 501(c) of the Internal Revenue Code of 1986, as amended, shall  
14 be liable, and no cause of action may be brought, for damages  
15 resulting from the exercise of judgment or discretion in  
16 connection with the duties or responsibilities of such director  
17 or officer unless the act or omission involved willful or  
18 wanton conduct.

19 (b) No director of a corporation organized under this Act  
20 or any predecessor Act for the purposes identified in items  
21 (14), (19), (21) and (22) of subsection (a) of Section 103.05  
22 of this Act, and exempt or qualified for exemption from  
23 taxation pursuant to Section 501(c) of the Internal Revenue

1 Code of 1986, as amended, shall be liable, and no cause of  
2 action may be brought for damages resulting from the exercise  
3 of judgment or discretion in connection with the duties or  
4 responsibilities of such director, unless: (1) such director  
5 earns in excess of \$5,000 per year from his duties as director,  
6 other than reimbursement for actual expenses; or (2) the act or  
7 omission involved willful or wanton conduct.

8 (b-5) No volunteer board member serving without  
9 compensation, other than reimbursement for actual expenses, of  
10 a corporation organized under this Act or any predecessor Act  
11 and exempt, or qualified for exemption, from taxation pursuant  
12 to Section 501(c-3) of the Internal Revenue Code of 1986, as  
13 amended, shall be liable, and no cause of action may be  
14 brought, for damages resulting from any action of the executive  
15 director concerning the false reporting of or intentional  
16 tampering with financial records of the organization, where the  
17 actions of the executive director result in legal action.

18 (c) No person who, without compensation other than  
19 reimbursement for actual expenses, renders service to or for a  
20 corporation organized under this Act or any predecessor Act and  
21 exempt or qualified for exemption from taxation pursuant to  
22 Section 501(c)(3) of the Internal Revenue Code of 1986, as  
23 amended, shall be liable, and no cause of action may be  
24 brought, for damages resulting from an act or omission in  
25 rendering such services, unless the act or omission involved  
26 willful or wanton conduct.

1           (d) As used in this Section "willful or wanton conduct"  
2 means a course of action which shows an actual or deliberate  
3 intention to cause harm or which, if not intentional, shows an  
4 utter indifference to or conscious disregard for the safety of  
5 others or their property.

6           (e) Nothing in this Section is intended to bar any cause of  
7 action against the corporation or change the liability of the  
8 corporation arising out of an act or omission of any director,  
9 officer or person exempt from liability for negligence under  
10 this Section.

11       (Source: P.A. 87-832.)